

RECIPROCAL TRADE

*Agreement signed at Reykjavik August 27, 1943*¹

Ratified by Iceland September 16, 1943

Proclaimed by the President of the United States September 30, 1943

Proclamation and ratification exchanged at Washington October 20, 1943

Entered into force November 19, 1943

*Schedule I revised by agreement of May 29 and June 2, 1964*²

*Schedule II replaced by agreement of July 12 and 15, 1963*³

57 Stat. 1075; Executive Agreement Series 342

TRADE AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND ICELAND

The President of the United States of America and His Excellency the Regent of Iceland, being desirous of strengthening the traditional bonds of friendship existing between the two countries by maintaining the principle of equality of treatment in its unconditional and unlimited form as the basis of commercial relations and by granting mutual and reciprocal concessions and advantages for the promotion of trade, have through their respective Plenipotentiaries arrived at the following Agreement:

ARTICLE I

1. The United States of America and Iceland will grant each other unconditional and unrestricted most-favored-nation treatment in all matters concerning customs duties and subsidiary charges of every kind and in the method of levying duties, and, further, in all matters concerning the rules, formalities and charges imposed in connection with the clearing of goods through the customs, and with respect to all laws or regulations affecting the sale, taxation or use of imported goods within the country.

2. Accordingly, articles the growth, produce or manufacture of either country imported into the other shall in no case be subject, in regard to the matters referred to above, to any duties, taxes or charges other or higher, or to any rules or formalities other or more burdensome, than those to which

¹ For schedules annexed to agreement, see 57 Stat. 1092 or p. 20 of EAS 342.

² 15 UST 711; TIAS 5592.

³ 14 UST 1398; TIAS 5436.

the like articles the growth, produce or manufacture of any third country are or may hereafter be subject.

3. Similarly, articles exported from the territory of the United States of America or Iceland and consigned to the territory of the other country shall in no case be subject with respect to exportation and in regard to the above-mentioned matters, to any duties, taxes or charges other or higher, or to any rules or formalities other or more burdensome, than those to which the like articles when consigned to the territory of any third country are or may hereafter be subject.

4. Any advantage, favor, privilege or immunity which has been or may hereafter be granted by the United States of America or Iceland in regard to the above-mentioned matters, to any article originating in any third country or consigned to the territory of any third country shall be accorded immediately and without compensation to the like article originating in or consigned to the territory of Iceland or the United States of America, respectively.

ARTICLE II

Articles the growth, produce or manufacture of the United States of America or Iceland, shall, after importation into the other country, be exempt from all internal taxes, fees, charges or exactions other or higher than those imposed on like articles of national origin or of any other foreign origin.

ARTICLE III

1. No prohibition or restriction of any kind shall be imposed by the Government of either country on the importation of any article the growth, produce or manufacture of the other country or upon the exportation of any article destined for the other country, unless the importation of the like article the growth, produce or manufacture of all third countries, or the exportation of the like article to all third countries, respectively, is similarly prohibited or restricted.

2. No restriction of any kind shall be imposed by the Government of either country on the importation from the other country of any article in which that country has an interest, whether by means of import licenses or permits or otherwise, unless the total quantity or value of such article permitted to be imported during a specified period, or any change in such quantity or value, shall have been established and made public. If the Government of either country allots a share of such total quantity or value to any third country, it shall allot to the other country, unless it is mutually agreed to dispense with such allotment, a share based upon the proportion of the total imports of such article supplied by that country in a previous representative period, account being taken in so far as practicable of any special factors which may have affected or may be affecting the trade in that article, and shall make such share available so as to facilitate its full utilization. No limita-

tion or restriction of any kind other than such an allotment shall be imposed, by means of import licenses or permits or otherwise, on the share of such total quantity or value which may be imported from the other country.

3. The provisions of this Article shall apply in respect of the quantity of any article permitted to be imported at a specified rate of duty.

ARTICLE IV

1. If the Government of either country establishes or maintains any form of control of the means of international payment, it shall accord unconditional most-favored-nation treatment to the commerce of the other country with respect to all aspects of such control.

2. The Government establishing or maintaining such control shall impose no prohibition, restriction or delay on the transfer of payment for any article the growth, produce or manufacture of the other country which is not imposed on the transfer of payment for the like article the growth, produce or manufacture of any third country. With respect to rates of exchange and with respect to taxes or charges on exchange transactions, articles the growth, produce or manufacture of the other country shall be accorded unconditionally treatment no less favorable than that accorded to the like articles the growth, produce or manufacture of any third country. The foregoing provisions shall also extend to the application of such control to payments necessary for or incidental to the importation of articles the growth, produce or manufacture of the other country. In general, the control shall be administered so as not to influence to the disadvantage of the other country the competitive relationships between articles the growth, produce or manufacture of the territories of that country and like articles the growth, produce or manufacture of third countries.

ARTICLE V

1. In the event that the Government of either country establishes or maintains a monopoly for the importation, production or sale of any article or grants exclusive privileges, formally or in effect, to any agency to import, produce or sell any article, it is agreed that the commerce of the other country shall be accorded fair and equitable treatment in respect of the foreign purchases of such monopoly or agency. To this end such monopoly or agency will, in making its foreign purchases of any article, be influenced solely by those considerations, such as price, quality, marketability and terms of sale, which would ordinarily be taken into account by a private commercial enterprise interested solely in purchasing such article on the most favorable terms.

2. The Government of each country, in the awarding of contracts for public works and generally in the purchase of supplies, shall accord fair and equitable treatment to the commerce of the other country as compared with the treatment accorded to the commerce of any third country.

ARTICLE VI

1. Laws, regulations of administrative authorities and decisions of administrative or judicial authorities of the United States of America and Iceland, respectively, pertaining to the classification of articles for customs purposes or to rates of duty shall be published promptly in such a manner as to enable traders to become acquainted with them. Such laws, regulations and decisions shall be applied uniformly at all ports of the respective country, except as otherwise specifically provided in statutes of the United States of America relating to articles imported into Puerto Rico.

2. No administrative ruling by the Government of either country effecting advances in rates of duties or in charges applicable under an established and uniform practice to imports originating in the territory of the other country, or imposing any new requirement with respect to such importations, shall be effective retroactively or with respect to articles either entered, or withdrawn from warehouse, for consumption prior to the expiration of thirty days after the date of publication of notice of such ruling in the usual official manner. The provisions of this paragraph shall not apply to administrative orders imposing antidumping duties, or relating to regulations for the protection of human, animal or plant life or health, or relating to public safety, or giving effect to judicial decisions.

3. Greater than nominal penalties shall not be imposed by the Government of either country in connection with the importation of articles the growth, produce or manufacture of the other country because of errors in documentation which are obviously clerical in origin or with regard to which good faith can be established.

ARTICLE VII

1. Articles the growth, produce or manufacture of the United States of America enumerated and described in Schedule I ⁴ annexed to this Agreement shall, on their importation into Iceland, be exempt from ordinary customs duties in excess of those set forth and provided for in the said Schedule. The said articles shall also be exempt from all other duties, taxes, fees, charges or exactions, imposed on or in connection with importation, in excess of those imposed on the day of the signature of this Agreement or required to be imposed thereafter under laws of Iceland in force on that day.

2. Schedule I shall have full force and effect as an integral part of this Agreement.

ARTICLE VIII

1. Articles the growth, produce or manufacture of Iceland enumerated and described in Schedule II annexed to this Agreement shall, on their importation into the United States of America, be exempt from ordinary customs

⁴ See footnote 1, p. 1170.

duties in excess of those set forth and provided for in the said Schedule, subject to the conditions therein set out. The said articles shall also be exempt from all other duties, taxes, fees, charges or exactions, imposed on or in connection with importation, in excess of those imposed on the day of the signature of this Agreement or required to be imposed thereafter under laws of the United States of America in force on that day.

2. Schedule II and the notes included therein shall have full force and effect as integral parts of this Agreement.

ARTICLE IX

The provisions of Articles VII and VIII of this Agreement shall not prevent the Government of either country from imposing at any time on the importation of any article a charge equivalent to an internal tax imposed in respect of a like domestic article or in respect of a commodity from which the imported article has been manufactured or produced in whole or in part.

ARTICLE X

In respect of articles the growth, produce or manufacture of the United States of America or of Iceland enumerated and described in Schedules I and II, respectively, imported into the other country, on which ad valorem rates of duty, or duties based upon or regulated in any manner by value, are or may be assessed, the general principles applicable in the respective countries for determining dutiable value and converting currencies shall not be altered so as to impair the value of any of the concessions provided for in this Agreement.

ARTICLE XI

1. No prohibition, restriction or any other form of quantitative regulation, whether or not operated in connection with any agency of centralized control, shall be imposed by Iceland on the importation or sale of any article the growth, produce or manufacture of the United States of America enumerated and described in Schedule I, or by the United States of America on the importation or sale of any article the growth, produce or manufacture of Iceland enumerated and described in Schedule II.

2. The foregoing provisions shall not prevent the Government of either country from imposing quantitative regulations in whatever form on the importation or sale of any article in conjunction with governmental measures or measures under governmental authority operating to regulate or control the production, market supply, quality or prices of like domestic articles, or tending to increase the labor costs of production of such articles, or to maintain the exchange value of the currency of the country. Whenever the Government of either country proposes to impose or substantially alter any quantitative regulation authorized by this paragraph, it shall give notice thereof in writing to the other Government and shall afford such other Gov-

ernment an opportunity to consult with it in respect of the proposed action; and if agreement with respect thereto is not reached the Government which proposes to take such action shall, nevertheless, be free to do so and the other Government shall be free within thirty days after such action is taken to terminate this Agreement in whole or in part on thirty days' written notice.

ARTICLE XII

If the Government of either country should consider that any circumstance, or any measure adopted by the other Government, even though it does not conflict with the terms of this Agreement, has the effect of nullifying or impairing any object of the Agreement or of prejudicing an industry or the commerce of that country, such other Government shall give sympathetic consideration to such written representations or proposals as may be made with a view to effecting a mutually satisfactory adjustment of the matter. If agreement is not reached with respect to the matter within thirty days after such representations or proposals are received, the Government which made them shall be free, within fifteen days after the expiration of the aforesaid period of thirty days, to terminate this Agreement in whole or in part on thirty days' written notice.

ARTICLE XIII

1. The provisions of this Agreement relating to the treatment to be accorded by the United States of America and Iceland, respectively, to the commerce of the other country shall apply to the respective customs territories of the two countries.

2. Furthermore, the provisions of this Agreement relating to most-favored-nation treatment shall apply to all territory under the sovereignty or authority of the two countries, except that they shall not apply to the Panama Canal Zone.

ARTICLE XIV

1. The advantages now accorded or which may hereafter be accorded by the United States of America or Iceland to adjacent countries in order to facilitate frontier traffic, and advantages accorded by virtue of a customs union to which either country may become a party, shall be excepted from the operation of this Agreement.

2. The advantages now accorded or which may hereafter be accorded by the United States of America, its territories or possessions or the Panama Canal Zone to one another or to the Republic of Cuba shall be excepted from the operation of this Agreement. The provisions of this paragraph shall continue to apply in respect of any advantages now or hereafter accorded by the United States of America, its territories or possessions or the Panama Canal Zone to one another, irrespective of any change in the political status of any of the territories or possessions of the United States of America.

ARTICLE XV

1. Nothing in this Agreement shall be construed to prevent the adoption or enforcement of measures

- (a) imposed on moral or humanitarian grounds;
- (b) designed to protect human, animal or plant life or health;
- (c) relating to prison-made goods;
- (d) relating to the enforcement of police or revenue laws;
- (e) relating to the importation or exportation of gold or silver;
- (f) relating to the control of the export or sale for export of arms, ammunition, or implements of war, and, in exceptional circumstances, all other military supplies;
- (g) relating to neutrality;
- (h) relating to public security, or imposed for the protection of the country's essential interests in time of war or other national emergency.

2. The provisions of this Agreement relating to the sale, taxation or use of imported articles within the United States of America are understood to be subject to the constitutional limitations on the authority of the Federal Government.

ARTICLE XVI

The Government of each country will accord sympathetic consideration to, and will afford adequate opportunity for consultation regarding, such representations as the other Government may make with respect to the operation of customs regulations, quantitative regulations or the administration thereof, the observance of customs formalities, and the application of sanitary laws and regulations for the protection of human, animal or plant life or health.

ARTICLE XVII

This Agreement shall be proclaimed by the President of the United States of America and shall be ratified by the Regent of Iceland. It shall enter into force on the thirtieth day following the exchange of the proclamation and the instrument of ratification, which shall take place in Washington as soon as possible.

ARTICLE XVIII

Subject to the provisions of Article XI and Article XII, this Agreement shall remain in force for a term of three years from the date of entry into force pursuant to Article XVII, and, unless at least six months before the expiration of the aforesaid term of three years, the Government of either country shall have given notice in writing to the other Government of intention to terminate the Agreement upon the expiration of that term, the Agreement shall remain in force thereafter, subject to the provisions of Article XI and Article XII, until six months from the date on which the

Government of either country shall have given written notice to the other Government of intention to terminate the Agreement.

IN WITNESS WHEREOF the respective Plenipotentiaries have signed this Agreement and have affixed their seals hereto.

DONE in duplicate, in the English and Icelandic languages, both authentic, at the City of Reykjavik this twenty-seventh day of August 1943.

For the President of the United States of America:

LELAND B. MORRIS [SEAL]

*Envoy Extraordinary and Minister Plenipotentiary
of the United States of America
to Iceland*

For His Excellency the Regent of Iceland:

VILHJÁLMUR THÓR [SEAL]

Minister for Foreign Affairs of Iceland

[For schedules annexed to agreement, see 57 Stat. 1092 or p. 20 of EAS 342.]